GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:541
ANSWERED ON:26.02.2016
Priority Sector Lending
Lakhanpal Shri Raghav

Will the Minister of FINANCE be pleased to state:

(a) the amount of loan disbursed by the public and private sector banks to the weaker sections including Scheduled Castes (SCs) and Scheduled Tribes (STs) and minority communities under the Priority Sector Lending (PSL) along with rate of interest charged thereon during last three years and current year, bank and state/UT- wise.
(b)whether the Reserve Bank of India (RBI) has laid down any guidelines in this regard:

(c)if so, the details along with the compliance status thereof; and

(d) the other steps taken/proposed to be taken by the Government to restructure PSL in order to facilitate better credit access to the people belonging to SC/ST and minority communities?

Answer

(MINISTER OF STATE IN THE MINISTRY OF FINANCE)

(a): As reported by RBI, the amount of loan disbursed by the public and private sector banks to the weaker sections including Scheduled Castes (SCs) and Scheduled Tribes (STs) and loan outstanding for minority communities under the Priority Sector Lending (PSL) for the year 2013, 2014, 2015 are Annexed as I,II,III&IV.
The interest rate on loans have been deregulated by RBI and it is now based on the Base Rate fixed by the banks.
RBI has further reported that, no interest rate has been prescribed for loans under Priority Sector Lending. Although banks have been instructed not to charge interest below their base rate, there are schemes like Differential Rate of Interest (DRI) etc. where interest rates are fixed by government of India and are made available to all borrowers including those belonging to SC/ST category or Minority communities under these schemes. The rate of interest charged thereon varies according to the prescription of various schemes.
(b)&(c): As per RBI guidelines on lending to priority sector, a target of 10 per cent of Adjusted Net Bank Credit has been prescribed for lending by scheduled commercial banks to weaker sections inclusive of SCs/STs among other persons & persons from minority communities. All commercial banks have been advised to ensure smooth flow of credit to these sections. There are no Sub-targets prescribed for SC/ST and minorities under Priority Sector Lending. The credit delivery by banks is monitored by RBI. Out of 47 Banks in Public Sector /Private Sector, 28 Banks have achieved target for weaker sections.

(d) RBI has issued standing instructions to banks to give special emphasis for the welfare of the scheduled castes and scheduled tribes and take measures to step up their advances to SCs / STs which inter-alia include:

â€¢ At the block level a certain weightage is to be given to scheduled castes / scheduled tribes in the planning process.
â€¢ Credit planning should be weighted in favour of SCs/STs. Loan proposals of these communities should be considered sympathetically and expeditiously.
â€¢ While "adopting" villages for intensive lending, villages with sizeable population of these communities may be specially chosen.
â€¢ Banks should not insist on deposits while considering loan applications under Government sponsored poverty alleviation schemes / self-employment programmes from borrowers belonging to SCs / STs.
â€¢ If applications in respect of SCs / STs are to be rejected, it should be done at the next higher level instead of at the branch level. Further, reasons for rejection of applications should be clearly indicated.

Further, the following major central government sponsored schemes, provide significant reservation /relaxation for the members of the SC/ST communities:
I. NationalRural Livelihoods Mission (NRLM)
II. National Urban Livelihoods Mission (NULM)
III. Differential Rate of Interest Scheme (DRI).
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